

REMARKS

1. Rejection of claims 1, 3, and 5-42 under 35 U.S.C. §102(b) as anticipated by Nakaya et al, U.S. Patent 4,581,395, hereafter "Nakaya" or "'395".

Claims 1, 3, and 5-42 remain rejected as anticipated by Nakaya.

Applicants respectfully submit the foregoing arguments in lieu of the arguments presented in the Response of November 25, 20005.

The basis of rejection is understood to be as follows:

Nakaya et al disclose aqueous dispersions suitable for coating applications. These dispersions are taught as comprising blocked isocyanate resins which are taught as being melt blended with an acrylic resin carboxyl groups. These carboxyl groups are taught as neutralized and thus are seen as salted.

(Office Action of 10/5/06, page 2)

Applicants greatly the detailed basis of rejection but must respectfully disagree. To constitute anticipation, all material elements of a claim must be found in one prior art source. *In re Marshall*, 198 U.S.P.Q. 344 (C.C.P.A. 1978). Nakaya fails to satisfy this standard. In particular, Nakaya fails to disclose all of the required elements of the independent claims.

The pending claims require that polymer (a) have a particular amount of hydroxyl groups. As amended, independent claim 1 requires a polymer (a) having from 0.5 to 8.0 mEQ OH/gram NV of polymer (a). Support for this amendment may be found in paragraph [00059] of Applicants' Specification. Moreover, paragraph [00082] of Applicants' Specification expressly teaches the unexpected importance of the hydroxyl groups by stating "the amount of hydroxyl groups has been hypothesized to contribute to the unexpected stability of the resulting aqueous dispersion of the polymer (a) and the crosslinking agent (b)."

Although Nakaya discloses that hydroxyl functionality of the basic compound (II) is favorable for solubilizing resin powder (I) and aqueous resin (III), such a statement fails to disclose the invention of amended claim 1. (See, '395, col. 2, lines 42-44) That is, Nakaya neither teaches nor suggests that its **resin powder (I)** should be hydroxyl functional. As a result, Nakaya cannot and does not teach or suggest the use of

Applicants' hydroxyl functional polymer (a) having Applicants' particularly required amount of hydroxyl groups.

Accordingly, Nakaya fails to disclose all of the required elements of Applicants' amended independent claim 1. As such, Nakaya fails to anticipate the claimed invention. Reconsideration and removal of the rejection as to amended independent claim 1 is respectfully requested.

Reconsideration and removal of the rejection is likewise requested as to dependent claims 3, and 5-42, as these claims depend from independent claim 1 and incorporate all of the limitations therein.

CONCLUSION

Applicant(s) respectfully submit that the Application and pending claims are patentable in view of the foregoing amendments and/or remarks. A Notice of Allowance is respectfully requested. As always, the Examiner is encouraged to contact the Undersigned by telephone if direct conversation would be helpful.

Respectfully Submitted,

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